GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3034
ANSWERED ON:07.08.2015
Interest Rate Policy
Singh Shri Hukum

Will the Minister of FINANCE be pleased to state:

(a) whether the Government proposes to introduce an interest rate policy which geared towards promoting growth and a commitment to fight high inflation by reducing the Government spending: and
(b) if so, the details thereof and the steps taken/being taken by the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)
(a) and (b) The Government of India and Reserve Bank of India signed a Monetary Policy Framework Agreement on 20th February 2015. The objective of monetary policy framework is to primarily maintain price stability, while keeping in mind the objective of growth. As per the agreement, RBI would set the policy interest rates and would aim to bring inflation below 6 percent by January 2016 and within 4 percent with a band of (+/-) 2 percent for 2016-17 and all subsequent years. The proposed reduction in fiscal deficit to 3.9 per cent of GDP in Budget Estimates 2015-2016 is designed with a mix of reduction in total expenditure as percentage of GDP and improvement in gross tax revenue as percentage of GDP.